Report on Survey of Residents in Large Condominium Conversions in District Three

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Summary

This paper reports on data collected from residents of five large condominium conversion projects in District Three in San Diego. I was asked by Cory Briggs, lead council in the law suit brought by the San Diego Affordable Housing Coalition, to consider California Environmental Quality Act (CEQA) issues connected to these conversions. These consisted of traffic, parking, future use of government services by current residents, and homelessness. The specifics of my findings are below, but I will give an overview of these findings here.

District Three was the focus of this study because it has the largest number of conversion projects of any district in the city of San Diego (a little over half of all apartment buildings undergoing conversion are here). The focus of this study was further narrowed to a consideration of the largest complexes undergoing conversion in this area. The greatest impact of condominium conversion in San Diego is in complexes with over 25 residents. These larger projects account for over three quarters of the change in status from apartments to condominiums in our community.

Most residents (more than 90%) in these complexes indicated that they were unable to purchase a converted condominium in their complex. This means that the vast majority of current residents will be replaced by new condominium owners whose demographic characteristics may differ from their predecessors in ways that affect CEQA issues. That is, there is a risk that these new owners could bring more cars, drive more miles, use less public transportation, etc. than the apartment owners who they will replace.

This risk increases as a result of the volume of conversions taking place. According to city data as of October 2005, if all applicants for conversion in the Third District were approved, over 3500 apartments would disappear (or reappear as higher priced units) in this community. In addition, there is an unspecified number of "off the shelf" conversions (these were apartment buildings approved for conversion when they were first built, but instead have been rented out the last few years) taking place that the city does not track. Thus, 3500 may be a conservative estimate of the number of conversions in this district. This volume of conversions is one major factor making demographic change in this community likely.

Another factor is the likelihood that the residents leaving these converted apartments will differ demographically from those that are buying them. The easiest way to think of condominium conversion is as a form of gentrification. Given the costs of renovating apartments, the increase in both financial charges (as one mortgage becomes multiple mortgages) and taxes brought about by conversion, there is a tendency for lower income renters to be replaced by higher income owners.

This change involves both positive and negative impacts. As many proponents of conversion have noted, conversion offers the possibility of home ownership for first time buyers, it improves the tax base of local communities, and it often brings improvements in the aesthetics of the complexes converted to condominiums.

These changes, however, are bought at a price. The data presented in this report indicate that there is a significant risk that parking, traffic, and use of public transportation could be impacted by conversions. Specifically, middle class condominium owners are apt to own more cars, drive longer distances to work, and use less public transportation than the renters they are replacing.

It is also likely that density will decrease as higher income owners move into these complexes. There is an inverse relationship between class and residential density, meaning that the new owners are apt to have smaller families and to be less likely to live with roommates than previous residents. Since it is the goal of recent San Diego City policy to increase density in our urban core (Smart Growth), condominium conversion may be antagonistic to this goal in an area like the Third District which is close to both job centers and mass transit. The risk is that conversions could push density into the suburbs (e.g. East County), where job commutes may increase and public transportation is less available.

While most of the members of this sample were relatively young and healthy, there was a significant minority (a little more than ten percent) who were elderly and/or disabled. As these residents are pushed out further from the central city, they will have greater difficulty accessing services such as senior care, nutritional and exercise programs, and healthcare that are concentrated in urban areas such as the Third District. This may increase the demand for these services in suburban communities, necessitate long trips back to the central city, or decrease their utilization (with obvious health consequences).

At the extreme, the data in this study indicate a significant risk of homelessness on the part of at least 10% of the sample. While this problem may not have direct impact on CEQA related issues, it does pose risks of indirect impacts. As doubling up and homelessness increase, so does demand for social services including drug and alcohol addiction services, police intervention, park and public space utilization, etc..

For all these reasons the City of San Diego must give greater attention to the impact of condominium conversions. At the minimum, further study of this issue is essential. The study presented in this report is of only one district, and of only a handful of projects in that district. We need better and more extensive knowledge of what is taking place in our community. A policy of "See No Evil, Hear No Evil…" is unacceptable when there is the risk of such major changes. Second, I believe that the size of these changes argue for use of Environmental Impact Reports. Demographic changes of the level indicated in this report pose the possibility of serious impacts on parking, traffic, and social service utilization. If the City of San Diego is unable or unwilling to fund a more comprehensive

study of the impact of condominium conversion, then EIRs become the only source of data on these potential impacts.

Survey Method

The data for this report were collected over a six month period beginning in late September 2005 and ending in early March 2006. Volunteers from my sociology classes were used as research assistants, but most of the data were collected by me personally. Most data were collected in face-to-face interviews, though a sub-sample was contacted by mail (see below). Respondents were administered a two page questionnaire (a copy is attached at the end of this report), and interviews lasted between five and thirty minutes. There was a great deal of interest in the subject of the survey, and the participation of respondents was high at over 80% of those directly contacted.

More specifically, the five largest apartment complexes under conversion according to the public data available from the City of San Diego in the Third District were chosen as the focus of the survey. These complexes ranged from a low of thirty four apartments to a high of roughly 100 apartments. The total number of apartments in these five complexes was 303. Because of concern about non-response rate, it was decided to try to contact one out of two of these apartments. These one hundred fifty two apartments were selected in the field by contacting every other apartment in single story complexes, and every other floor in multi-story complexes. Only one adult was interviewed in each apartment, though information was obtained about the other residents.

While the response rate was high, as indicated above, a significant number of residents were not home at the time of the initial contact. Consequently, the complexes were returned to a second time. Even with the second attempt to contact residents, however, less than half (seventy-two) were interviewed. Again, the main problem was the large percent of residents who were not home. It was decided at that point to contact the remaining residents through the mail. Eventually one hundred and four questionnaires were received. This is about two-thirds of the one hundred fifty-two apartments that constituted the initial sample, and while this is not an ideal response rate, it is considered adequate.

Because of the relatively high rate of non-response, a check of bias was made. The concern is that the kind of people not home share some characteristic connected to the concerns of this study (e.g. income level, number of cars owned, driving habits, etc.). It is common to check for bias in this kind of situation by comparing late responders to the questionnaire to those that first respond, under the assumption that late responders are similar to non-responders (?????). No statistically significant difference was found in regards to income, number of cars owned, distance to work, or size of apartment between these two groups.

While I believe that the respondents interviewed in this study reasonably represent the members of the five complexes under consideration, it is possible that this group is not representative of the larger community of San Diego. Large projects in the Third District

could be different from large projects elsewhere in the City, or contrast with medium and small complexes. This study should therefore be seen as a precursor to a larger and more detailed investigation.

Overview: The Third District and Condominium Conversion

The focus of this study is on five large apartment buildings in the process of conversion to condominiums in the Third Council District. Large projects are the focus because that is where the greatest impact of condominium conversion is taking place. As can be seen in Table One, over three quarters of all units undergoing conversion in San Diego are in complexes with over 25 units. However, this represents a little more than a fifth of all projects under going conversion. This means that condominium conversion in our city is highly concentrated in a relatively small number of buildings with large numbers of units. This is why this study concentrates on large complexes, but there is an important implication in this point.

If the City of San Diego was to require EIRs only of those complexes with over 25 units, over three quarters of all projects currently applying for conversion would be unaffected. On the other hand, these reports would be required precisely where the impact is greatest: in the complexes where over three quarters of the units are being converted.

Table One
CONDO CONVERSION DATA CITY OF SAN DIEGO*

# Rental Units/Project (Building)	# of Projects of this size	% of All Projects	Cumulative % All Projects	Total # Units Converted	% All Converted Units in City	Cumulative % All Converted Units
500 or greater	3	.6%	.6%	2002	13.2%	**13.2**
200 to 499	11	2.3%	2.9%	3567	23.6%	**36.8**
100 to 199	19	3.9%	6.8%	2915	19.3	**56.1**
50 to 99	23	4.7%	11.5%	1630	10.8	**66.9**
25 to 49	47	9.7%	21.5%	1586	10.5	**77.4**
Less than 25	383	78.8%	100.0%	3430	22.6%	**100.0**
Total	486	100%	100%	15, 130	100%	100.0%

* Data from City of San Diego as of October 2005

Table Two indicates that a disproportionate number of conversions are taking place in District Three, with a little over a half of all projects and a little less than a quarter of all

units converting located in this district. While the Third District has had a significant number of conversions over the last five years, only recently has it become the epicenter of this process. Initially, most conversions were taking place in newer complexes in upper middle class communities (La Jolla, University City, Mission Beach, etc.). More recently, conversions have shifted to older buildings in somewhat less affluent communities. This is important because older complexes are less likely to have the kind of infrastructure (parking, open space, etc.) required by current codes.

Table Two
Council Districts and Condo Conversions*

Council District	# Projects	% of All Projects in San Diego	# Units Converted	% of All Units Converted In San Diego
One: La Jolla, etc.	14	2.8%	2793	18.5%
Two: Downtown, etc.	134	27.6%	3244	21.4%
Three: Hillcrest, etc.	262	53.9%	3559	23.5%
Four: Encanto, etc.	6	1.3%	343	2.3
Five: Mira Mesa, etc.	6	1.3%	1162	7.7
Six: Clairemont, etc.	24	4.9%	2151	14.2
Seven: College Area, etc.	25	5.1%	992	6.6
Eight: San Ysidro, etc.	15	3.1%	886	5.9
Total	486	100%	15,130	100.1% (> than 100 due to rounding)

* Data from City of San Diego as of October 2005

Basic Demographic Characteristics

What follows is a series of tables that describe the sample in this project. Unless otherwise indicated, the statistics cited use the median as the measure of central tendency (this measure is less likely to be affected by extreme cases).

Table Three
Characteristics of Sample

Size of Household	Age Of Adult	Age of Child	Number of Bedrooms	Household Income (annual)	Rent
2	28 years	3 years	2	$44,000	$975

These households are relatively young, and most do not have children. Predictably, if they do have children, they tend to be quite young. The average rent in San Diego is $1236 (San Diego Housing Commission), and the members of this sample are paying less than this at about 80% of the area rent. This means they may find it difficult to find comparably priced housing. Household income is relatively low, at about 80% of the Area Median Income (AMI) for a household of two. According to HUD, that makes these residents "low income earners", and, therefore, economically vulnerable.

Most residents are white (nearly 60%), but there is a sizeable number of minorities among this group. African Americans and Asians were relatively small parts of the sample (6.5% and 8.6% respectfully), but Latino's were much larger at nearly a quarter of those surveyed.

Table Four: Ethnicity

		Frequency	Percent	Cumulative Percent
Valid	African American	6	6.5	6.5
	Asian	8	8.6	15.1
	Latino	22	23.7	38.7
	White	55	59.1	97.8
	Other	2	2.2	100.0
	Total	93	100.0	
Missing	System	11		
Total		104		

Since the issue of density is important, it is worthwhile to explore it in more depth. While the median household size is two people, it is important to recognize that there is a significant number of apartments with a much greater number of residents. According to

Table Four, about one third of all households are composed of three or more residents, with over 15% composed of four or more.

Table Four: Number of Residents/Household

Number Residents		Frequency	Percent	Cumulative Percent
	1.00	32	31.7	31.7
	2.00	35	34.7	66.3
	3.00	17	16.8	83.2
	4.00	15	14.9	98.0
	5.00	2	2.0	100.0
	Total	101	100.0	
Missing	System	3		
Total		104		

Middle class families tend to be smaller in size than those with lower incomes, and they are less likely to live with roommates. Given the relatively low incomes of most households in this sample, it is reasonable to assume that density would decrease if these residents are replaced by higher income condo owners. This is not what we want in our older urban neighborhoods. Smart Growth policies recommend concentrating density in core urban areas where public transportation is most available, jobs are close by, and government services are most plentiful.

Before leaving the issue of demographics, let me say a little more about the vulnerabilities of some of these residents. While most residents in this sample are young, there is a significant minority of elderly and disabled. A little over 11% of the residents are elderly (see Table Five), a group most often at risk both financially and physically as the result of having to move. Over 15% are on fixed incomes (largely the elderly) and another 7% are disabled.

Table Five: Age of Residents

		Frequency	Percent	Cumulative Percent
	Under 30	52	54.2	54.2
	30 to 64	33	34.4	88.5
	65 and older	11	11.5	100.0
	Total	96	100.0	
Missing	System	8		
Total		104		

Table Six: Residents on Fixed Income

		Frequency	Percent
Valid	Yes	15	15.3
	No	83	84.7
	Total	98	100.0
Missing	System	6	
Total		104	

Table Seven: Residents Who are Disabled

		Frequency	Percent
Valid	1.00 Yes	7	7.1
	2.00 No	92	92.9
	Total	99	100.0
Missing	System	5	
Total		104	

The issue of vulnerability is important not just for the problems moving would impose on this group, but because of potential impact on traffic and mass transit utilization. More than one elderly member of the sample commented on the importance of accessibility of medical services as the basis of their decision about where to live. The Hillcrest area in particular, with its large number of hospitals and clinics, seems to attract elderly and disabled residents. Moving them away from these institutions could increase traffic and parking pressures as these people return to make use of services not found elsewhere in our community. Parking in these areas is already at a premium, and even small changes can increase parking pressures.

Economic Vulnerability and Homelessness

I was asked to address the issue of homelessness by council, and in this section I do so by examining what residents believed to be their risks of becoming vulnerable to this problem. This issue is important not just because of the suffering it inflicts on residents, but because these people are more apt to make use of services from the government and community. A small number of homeless people, particularly those with children, can consume a large number of service interventions (substance abuse counseling, medical care, educational help, police intervention, park and recreational usage, etc.).

Homelessness, counter to popular impressions, is not a simple problem with a single cause. The people seen on the street are a small part of a much larger problem. These street homeless tend to go for long periods without a permanent shelter, they are likely to be drug/alcohol addicted, to be veterans, and to suffer from mental illness. A second

group of the homeless is much harder to see, and very different from the first group. They are the short term homeless. These are people who are forced out of their home because of a financial crisis, a housing crisis, or an illness. These people will tend not to stay on the streets for long, and are likely to be women with children, low wage workers, and immigrants.

Table Eight is the widest picture of those at risk of short term homelessness. This problem is known as doubling up, and involves people who are forced to move in with friends or family members involuntarily. These people could be forced into the street by a fight with a roommate or by the objections of a landlord. The question in the survey that tapped this issue asked how likely anyone living in the apartment would be forced to stay with friends or family members for at least a few weeks if they had to move. Over a third of the sample felt there was at least some possibility of having to double up.

Table Eight: Doubling Up (Involuntarily Moving in with Friends/Relatives)

		Frequency	Percent	Cumulative Percent
	1.00 very unlikely	33	33.3	33.3
	2.00 unlikely	32	32.3	65.7
	3.00 likely	13	13.1	78.8
	4.00 very likely	21	21.2	100.0
	Total	99	100.0	
Missing	System	5		
Total		104		

Not surprisingly the proportion of respondents who thought they were at risk of actual homelessness was much smaller. At 13%, however, and given the extremely large number of condominium conversions taking place in our community, the impact on service providers could be great.

Table Nine: Homeless

		Frequency	Percent	Cumulative Percent
	1.00 very unlikely	59	59.6	59.6
	2.00 unlikely	27	27.3	86.9
	3.00 likely	7	7.1	93.9
	4.00 very likely	6	6.1	100.0
	Total	99	100.0	
Missing	System	5		
Total		104		

Traffic and Parking

Finally, I turn to the issues most directly related to CEQA: parking and traffic. The key to this issue is the impact of the demographic changes mentioned above. When upper middle class condo owners replace lower middle class apartment renters serious changes in traffic and parking are likely.

Let reinforce this point by looking at the number of residents who reported that they might buy into their complex (Table Ten). Given the relatively low income of most residents, it is not surprising to find that few of them (six percent) have any ability to buy into their complex. This means these residents are leaving, and new ones will replace them. To understand the impact on parking and traffic of this transition, we must know something about current resident behavior in this area.

Table Ten: Those Planning to Buy A Condo in Their Current Complex

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 Yes	6	5.8	6.0	6.0
	2.00 No	94	90.4	94.0	100.0
	Total	100	96.2	100.0	
Missing	System	4	3.8		
Total		104	100.0		

First, let me examine car ownership. The median number of cars owned by current residents is one, but Table Eleven gives a more detailed picture of this situation. Over half of all apartments have only a single car. This a very low level of car ownership compared to most middle class families.

Table Eleven: Car Ownership per Apartment

Number of Cars		Frequency	Percent	Cumulative Percent
	.00	3	3.0	3.0
	1.00	50	49.5	52.5
	2.00	39	38.6	91.1
	3.00	7	6.9	98.0
	4.00	1	1.0	99.0
	5.00	1	1.0	100.0
	Total	101	100.0	
Missing	System	3		
Total		104		

Probably as a consequence both of the low level of car ownership and the modest income levels of most residents, there is a relatively high rate of public transportation utilization. Table Twelve indicates a substantial use of public transportation. The question that was the basis of this table only asked if there was anyone in their apartment who used public

transportation, and did not differentiate regular from occasional use. Even assuming that we are talking about only those who occasionally use public transportation, at over a third of all residents this is a large minority who use this mode of transportation.

Table Twelve: Residents Reporting use of Public Transportation

		Frequency	Percent	Cumulative Percent
	1.00 Yes	38	38.4	38.4
	2.00 No	61	61.6	100.0
	Total	99	100.0	
Missing	System	5		
Total		104		

Table Thirteen gives us a picture of the distance these residents are traveling in order to get to work. The pattern is quite modest in comparison to most San Diegans. Nearly 60% of the sample are commuting five miles or less to work, and over 80% are commuting ten miles or less.

Table Thirteen: Job Distance

Miles to Job		Frequency	Percent	Cumulative Percent
	0 to 5.00	58	59.6	59.6
	6. to 10	22	23.4	83.0
	11 to 20	11	13.7	96.7
	Over 20	3	3.3	100.0
	Total	94	100.0	
Missing	System	10		
Total		104		

Finally, let us look at the number of parking spaces used by current residents. Table Fourteen gives us this information. Over three quarters of this sample had only one parking spot assigned to them. This is probably due to the age of the buildings in this sample. Most were over twenty years old, and code at this time required fewer spaces than is currently acceptable. Unfortunately, new owners will have automobile ownership rates that reflect current realities, not those of a quarter of a century ago.

Table Fourteen: Number of Assigned Parking Spaces per Apartment

Number of Spaces		Frequency	Percent	Cumulative Percent
	.00	25	24.8	24.8
	1.00	52	51.5	76.2
	2.00	23	22.8	99.0
	3.00	1	1.0	100.0
	Total	101	100.0	
Missing	System	3		
Total		104		

Conclusion:

Taken together the six previous tables give us a picture of transportation and parking utilization by current residents that is quite positive by San Diego standards. Current residents own relatively few cars, they make frequent (for San Diego) use of public transportation, and they are commuting a relatively short distance (a median commute of five miles). Their impact on the streets, highways and parking structure of their community is modest. It is disturbing, however, that most respondents report a willingness to move about three times farther away (15 miles) in order to find a comparably priced apartment. This means that a significant proportion of these residents could be spending more time on area freeways.

Even more disturbing for CEQA related issues is the fact that the new owners replacing members of this sample will almost inevitably own more cars, drive longer distances, and make less use of public transportation. The current median price of a converted condo is over three hundred thousand dollars, meaning that the new residents will have the higher incomes that bring these kind of transportation problems.

All of this implies that conversions could be contributing to traffic congestion, exacerbating parking problems, and decreasing the number of San Diegans using public transportation. While this data is not conclusive, it does suggest the need to study these issues in more depth.

Appendix One: Questionnaire

1. Has your landlord informed you that your apartment building is being converted to condos? 1. Yes 2. No

First we have a few questions about your current apartment.

2. How long have you lived in your apartment? _____

3. How many bedrooms_____

4. How many assigned parking spots?_____

5. How many cars are owned by all people in your apartment combined? _____

6. How many people live in your apt ?_____

7. How many are children_____

8. Ages of children _____

9. What are the ages of adult residents? _____

10. What is your monthly rent? _____

Next we are interested in what will happen as a result of your apartment becoming a condo.

11. Do you plan on buying any of the condos created by this project ? _____Yes _____No

12. If you do have to move, how likely is it that you or anyone in your apartment will have to stay with friends or family members for at least a few weeks ?

_____1. very unlikely _____2. unlikely _____3. likely _____4. very likely

13. If you do have to move, how likely is it that you or anyone in your apartment will become homeless?

_____1. very unlikely _____2. unlikely _____3. likely _____4. very likely

14. If you do have to move, how likely is it that you or anyone in your apartment will have to seek any form of assistance from either the government or a church ?

_____1. very unlikely _____2. unlikely _____3. likely _____4. very likely

15. Which of the following forms of assistance would you be willing to accept: (Yes/No)

_____1.Financial help from your landlord _____2. Financial help from a friend or family member

_____3.Financial help from a church _____4. Financial help from a government agency

16. How far do you currently live from your job?_____miles

17. How far are you willing to live from your job in order to find a similar or lower priced apartment?

_____miles

18. In order to find a similar or lower priced apartment, are you willing to move (check all that apply):

_____ outside your current neighborhood _____ outside the city of San Diego

_____ outside the county of San Diego

Finally, we have a few questions about the people who live in your apartment.

19. How many people in your apartment work for paid employment? _____

20. Occupations_____

21. How does each person get to their job (car, bus, etc.) _____

22. How many people in your apartment use any form of public transportation (bus, trolley, etc.)? _____

Is anyone in your apartment :

23. On a fixed income _____ 24. Disabled_____ 25. In the military_____

26. IF DISABLED, WHAT IS THEIR DISABILITY ? _____

27. What is the total **yearly** income of all residents of your apartment **combined** (circle)?

1. Under $20,000 2. $20, 000 to $40,000 3. $40, 001 to $60,000

4. $60,001 to $80,000 5. $80, 001 to $100,000 6. Over $100,001

28. What is your ethnicity (circle)?

1. African-American 2. Asian 3. Latino/Hispanic 4. White 5. Other

If we had further questions, is there a telephone number where we may reach you ?

29. IF YES: